

Step 4: Total Title IV Aid to be Disbursed or Returned

If the student receives less Title IV aid than the amount earned, the school must offer a disbursement of the earned aid that was not received. This is called a post-withdrawal disbursement (PWD). If the student receives more Title IV aid than the amount earned, the school, the student, or both must return the unearned funds in a specified order.

Title IV aid to be disbursed or returned

34 CFR 668.22(a)(4) or (5)

Part 1—Post-withdrawal disbursements

If a PWD is due, a school stops at Step 4, Box J on the worksheet. Since a school must keep written records of the post-withdrawal disbursement process, a school may use the Department's post- withdrawal disbursement tracking sheet to track the handling of PWDs, or any other alternative form developed to track PWDs.

Post-withdrawal disbursements

34 CFR 668.22(a)(6)

Any post-withdrawal disbursement due must meet the current required conditions for late disbursements. These conditions are listed in the chart **Conditions and Limitations on Late Disbursements** in Volume 4. For example, the Department must have processed a SAR or ISIR with an official expected family contribution (EFC) prior to the student’s withdrawal.

A school is required to make (or offer as appropriate) post- withdrawal disbursements. A post-withdrawal disbursement must be made within 180 days of the date the institution determines that the student withdrew. The amount of a post-withdrawal disbursement is determined by following the requirements for calculating earned Title IV aid and has no relationship to incurred educational costs.

The regulations do not address how a school should ensure that Title IV funds are disbursed to the proper individual. However, a school may not require a student who has withdrawn from a school (or a parent of such a student, for Direct PLUS Loan funds) to pick up a post-withdrawal disbursement in person. Because the student is no longer attending the school, he or she may have moved out of the area and may be unable to return to the school to pick up a post-withdrawal disbursement.

For a student who withdraws after the 60% point in time, even though a return of Title IV aid is not required, a school may have to complete an R2T4 calculation to determine whether the student is eligible for a post-withdrawal disbursement.

A school may not make a post-withdrawal disbursement of Title IV funds to the account or estate of a student who has died.

Disburse grants before loans

A post-withdrawal disbursement, whether credited to the student’s account or disbursed to the student or parent directly, must be made from available grant funds before available loan funds. Available grant or loan funds refers to Title IV program assistance that could have been disbursed to the student but was not disbursed as of the date of the institution’s determination that the student withdrew.

Disburse grants before loans

34 CFR 668.22(a)(6)(i)

Example—If a student is due a post-withdrawal disbursement of \$500, and the student has received \$400 of \$1,000 in Federal Pell Grant funds that could have been disbursed and \$1,200 of the \$2,000 in Federal Direct Loan funds that could have been disbursed, the available undisbursed funds are \$600 in Federal Pell Grant funds and \$800 in Direct Loan funds. Any portion of the \$500 post-withdrawal disbursement that the school makes must be from the \$600 in available Federal Pell Grant funds.

Summary of actions a school must take before making a post-withdrawal disbursement

The actions a school must take before it may disburse funds from a post-withdrawal disbursement vary depending on the source of the funds.

A school must obtain confirmation from a student, or parent for a Direct Parent PLUS Loan, before making any disbursement of loan funds from a post-withdrawal disbursement.

Because the COD system will not accept requests for other than whole dollars for the Direct Loan Program, the amount a school may be required to enter on the Post-Withdrawal Tracking Sheet may have to be rounded up or down to the nearest whole dollar, not to exceed the annual or aggregate limits.

Post-withdrawal disbursement of Title IV grant funds

Post-withdrawal grant disbursements are either credited to a student's account to satisfy outstanding allowable charges or paid directly to the student.

Time frame for post-withdrawal disbursement of grant funds

34 CFR 668.22(a)(6)(ii)(B)(1)

A school is permitted to credit a student’s account with the post- withdrawal disbursement of Title IV grant funds to cover current outstanding allowable charges without the student’s permission for tuition, fees, and room and board (if the student contracts with the school). A school must credit the student’s account with the PWD for current charges within 180 days of the date of determination.

To cover charges other than current charges, a school must obtain a student’s authorization to credit a student’s account with Title IV grant funds. A school is permitted to use a student’s authorization for crediting the student’s account for educationally related expenses that the school obtained prior to the student’s withdrawal date so long as the cash management requirements for student authorizations are met. If the school did not obtain authorization prior to the

student’s withdrawal, the school would have to obtain authorization in accordance with the cash management requirements before the school could credit the student’s account for other current charges or for educationally related activities. (See *Volume 4* for more information on student and parent authorizations.)

For any amount of a post-withdrawal grant disbursement not credited to the student’s account to cover allowable charges, the school must make the disbursement as soon as possible but no later than 45 days after the date of the school’s determination that the student withdrew (no confirmation from the student is required).

A school may not delay its disbursement processes while it ascertains whether a student wishes to receive the grant funds he or she is entitled to. However, while the school is processing the disbursement or notifying the student about his or her eligibility for a post-withdrawal disbursement of grant funds, the school may, at its discretion, notify the student that it may be beneficial to turn down all or a portion of the grant funds to preserve grant eligibility for attendance at another institution. Of course, if the student independently contacts the school and states that he or she does not wish to receive a grant disbursement, the school is not required to send it. (Please see [GEN-12-18](#) for more information on a student's Pell declination process.)

Post-withdrawal disbursement of Title IV loan funds

A school must notify a student, or parent for a Direct Parent PLUS Loan, in writing prior to making any post-withdrawal disbursement of loan funds, whether those loan funds are to be credited to the student’s account or disbursed directly to the student (or parent). The information provided in this notification must include the information necessary for the student, or parent for a Direct Parent PLUS Loan, to make an informed decision as to whether the student or parent would like to accept any disbursement of loan funds and must be provided within 30 days of the date of a school’s determination that a student has withdrawn. In addition, the notice must request confirmation of any post-withdrawal disbursement that the student or parent, as applicable, wishes the school to make.

Time frame for notification of eligibility for post-withdrawal disbursement of loan funds

34 CFR 668.22(a)(6)(iii)(A)

Cash management requirements for student and parent authorizations

34 CFR 668.165(b)

The notice must identify the type and amount of the loan funds the school wishes to credit to the student’s account or disburse directly to the student or parent, and explain that a student, or parent for a Direct Parent PLUS Loan, may accept or decline all or a portion of the funds. The notice must also explain to the student, or parent for a Direct Parent PLUS Loan, the obligation to repay the loan funds whether they are disbursed to the student’s account or directly to the borrower.

The notice must also make clear that a student, or parent for a Direct Parent PLUS Loan, may not receive as a direct disbursement loan funds that the institution wishes to credit to the student’s account unless the institution agrees to do so. If the student, or parent for a Direct Parent PLUS Loan, does not wish to accept some or all of the loan funds that the institution wishes to credit to the student’s account, the institution must not disburse those funds.

In the notification, the school must advise the student or parent that an institution may set a deadline of 14 days or more. Any deadline must apply to both confirmation of loan disbursements to the student’s account and direct disbursements of

a post-withdrawal disbursement. The notification must make it clear that if the student or parent does not respond to the notification within the time frame, the school is not required to make the post-withdrawal disbursement. However, a school may choose to make a post-withdrawal disbursement based on an acceptance received from a student or parent after the school's deadline. A student's or parent's response to an offer of a direct disbursement of Title IV loan funds from a PWD does not have to be in writing, but the school must document the response.

Deadline for responding to an offer of a post-withdrawal disbursement of loan funds

34 CFR 668.22(a)(6)(iii)(A)(5)

A school that chooses to honor a late response must disburse all the funds accepted by the student or parent as applicable. The school cannot credit the student's account in accordance with the student's request but decline to disburse post-withdrawal funds accepted as a direct disbursement. If a response is not received from the student or parent within the permitted time frame, or the student declines the funds, the school must return (or redisburse to another eligible student) any earned funds that the school was holding to the Title IV programs.

If a student or parent submits a timely response accepting all or a portion of a post-withdrawal loan disbursement, per the student's or parent's instructions, the school must disburse the loan funds within 180 days of the date of the institution's determination that the student withdrew. (For additional information, see the discussion under *Date of the institution's determination that the student withdrew* in Chapter 1.)

If authorization from a student (or parent for a Direct PLUS Loan) is received after the deadline and the school chooses not to make a post-withdrawal disbursement of loan funds, the school must notify the student (or parent) that the post-withdrawal disbursement will not be made and why. This notification must be made in writing. If an authorization from the student (or parent for a Direct PLUS Loan) is never received, or if the school chooses to make a post-withdrawal disbursement of loan funds per the recipient's instructions on an authorization received after the deadline, the school does not need to notify the student.

The school must document the result of the notification process and the final determination made concerning the disbursement and maintain that documentation in the student's file.

If a school has completed the post-withdrawal loan notification process and confirmed a student's desire for any Direct Loan funds included in the post-withdrawal disbursement, the school is permitted to credit a student's account with the post-withdrawal disbursement without additional permission from the student (or parent, in the case of a Direct PLUS Loan) for current institutional charges as described earlier.

A school may combine providing loan counseling, obtaining authorization to credit loan funds to a student's account for outstanding charges, and obtaining authorization to make a direct disbursement to the student.

Once a school has received confirmation from a student, or parent in the case of a Direct PLUS Loan, that he or she wants to receive the post-withdrawal disbursement of loan funds, a school must make the post-withdrawal disbursement of Title IV loan proceeds as soon as possible but no later than 180 days after the date of the school's determination that the student withdrew.

Separate authorization required for educationally related expenses

A school is permitted to use a student's or parent's authorization for crediting the student's account for educationally related expenses that the school obtained prior to the student's withdrawal date so long as that authorization meets the cash management requirements for student or parent authorizations. If the school did not obtain authorization prior to the student's withdrawal, the school would have to obtain authorization in accordance with the cash management requirements before the school could credit the student's account for other current charges for educationally related activities. (See *Volume 4* for more information on student and parent authorizations.)

Crediting a student’s account

An institution should not request Title IV funds for a post withdrawal disbursement unless, and until, it has determined that it can disburse any post-withdrawal disbursement within three business days of receiving the funds.

The requirements for the treatment of Title IV funds when a student withdraws must still adhere to the cash management requirements for disbursing Title IV funds. An institution must obtain a student’s (or parent's where applicable) authorization to credit a student’s account with Title IV funds for charges other than current charges for tuition, fees, and room and board (if the student contracts with the school.) (See *Volume 4 and Appendix F—Institutional Reporting and Disclosure Requirements.*)

Outstanding charges on a student’s account are charges for which the institution will hold the student liable after the application of any applicable refund policy. These are the institutional charges, after any adjustment, that reflect what the student will owe for the current term after his or her withdrawal, any other current charges, plus any permitted minor prior year charges.

Outstanding Charges Example—Consider a student who is due a post-withdrawal disbursement of \$800. The institutional charges that the student was originally assessed by the school totaled \$2,300. However, under the institution’s refund policy, the institution may only keep \$600 of those institutional charges. No funds had been paid toward the institutional charges at the time the student withdrew. In addition, the student owes \$150 for a bus pass. The outstanding charges on the student’s account that would be entered in Box 2 of the post-withdrawal Disbursement Tracking Sheet are \$750 (the \$600 in institutional charges plus the \$150 owed for the bus pass). A portion of the \$800 the institution must disburse under the post-withdrawal disbursement provisions may (with authorization if they are loan funds) be used to satisfy the outstanding balance. If the student has provided written authorization to credit Title IV funds to his account and use them for noninstitutional educational charges, the school may credit \$750 to institutional charges and offer \$50 to the student. If the student has not provided (and does not provide) written authorization to use the funds for noninstitutional educational charges, the school may only credit \$600 to institutional charges and must offer \$200 to the student.

A school may credit a student’s account for **prior award year charges** in accordance with the cash management requirements (see *Volume 4*). Schools should make every effort to explain to a student that all or a portion of his or her post-withdrawal disbursement has been used to satisfy any charges from prior award years.

Example of the post-withdrawal disbursement requirements

Michael drops out of school on November 5. On November 10, the school becomes aware that Michael has ceased attending. The school determines that Michael is due a post-withdrawal disbursement of \$900. When Michael withdrew, only \$600 of the \$1,000 in Federal Pell Grant funds that could have been disbursed had been disbursed. Of the \$500 in Direct Loan funds that could have been disbursed, none had been disbursed. The school determines that Michael has \$50 in outstanding tuition charges and \$100 in outstanding library fines for the payment period. The school obtained permission from Michael at the beginning of the term (prior to his withdrawal) to credit his account for educationally related charges other than tuition, fees, and contracted room and board. Because available grant funds must be used before available loan funds to make a post-withdrawal disbursement, the school credits Michael’s account with \$150 of his Federal Pell Grant funds. On November 12 (the last date the school could have sent the funds was December 25th—45 days after the date of the school’s determination that the student withdrew), the school sends the remaining \$250 in Pell Grant funds to Michael. On the same day (the last date the school could have sent the notification was December 10th—30 days after the school’s determination that the student withdrew), the school sends a notification to Michael stating that:

1. He is due a post-withdrawal disbursement of \$500 in Direct Loan funds to be disbursed directly to him.
2. Michael may accept all, a portion, or none of the \$500 in Direct Loan funds.
3. Any Direct Loan funds that Michael accepts will have to be repaid.
4. The school is obligated to make a post-withdrawal disbursement of loan funds only if Michael accepts the

funds by November 26, which is 14 days after the school sent the notification.

Note that a school may allow more than 14 days for a response.

Michael responds on November 19 and informs the school that he is accepting \$250 of the \$500 in Direct Loan funds. The school has until May 9 (180 days after November 10—the date the school determined that the student withdrew) to make the \$250 disbursement (34 CFR 668.22(a)(6)(iii)(C)). The school must document the notification and final determination (whether the student accepts a partial or full disbursement or declines the entire disbursement (34 CFR 668.22(a)(6)(iv))).

Notice to a student offering a post-withdrawal disbursement—flexibility in notifying students

To avoid having to contact a student multiple times, a school may use one contact to:

- notify a borrower about his or her loan repayment obligations;
- obtain permission to credit loan funds to a student’s account to cover unpaid institutional charges;
- obtain permission to make a post-withdrawal disbursement of grant or loan funds for other than institutional charges; and
- obtain permission to make a post-withdrawal disbursement of loan funds directly to a student.

A school must send the notification as soon as possible, but **no later than 30 calendar days after the date that the school determines the student withdrew.**

Part 2 —Title IV aid to be returned

If the student receives more Title IV aid than the amount earned, the school, the student, or both must return the unearned funds in a specified order. The amount of Title IV aid to be returned is determined by subtracting the amount of earned Title IV aid (Box I) from the amount of Title IV aid that was actually disbursed to the student (Box E).

Title IV aid to be returned

34 CFR 668.22(a)(4)

Step 5: Amount of Unearned Title IV Aid Due from the School

When a return of Title IV funds is due, the school and the student may both have a responsibility for returning funds. Although these requirements are in terms of returning funds, a school is not required to actually return its share before the student. Rather, it is the R2T4 calculation of the amount of assistance the school is responsible for returning to the Title IV accounts that must be calculated first. Thus, the student’s repayment obligation is determined after the school’s share is calculated.

Step 5: Amount of unearned Title IV aid due from the school

34 CFR 668.22(g)

The school must return the lesser of:

- the amount of Title IV funds that the student does not earn (Box K), or
- the amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned (Box N).

Aid disbursed to the student before institutional charges are paid

Consider a case in which, to assist a student with living expenses, a school elects to disburse an anticipated credit balance to a student rather than pay itself for institutional charges from the first Title IV funds the school receives. Then, the student withdraws before the school receives additional aid from all the Title IV programs. The R2T4 calculation indicates the school must return funds, even though the school had passed through all the initial Title IV funds to the student.

The school must still return the funds it is responsible for returning as a result of the R2T4 calculation.

Institutional charges

Institutional charges are used to determine the portion of unearned Title IV aid that the school is responsible for returning. Schools must ensure the inclusion of all appropriate fees as well as applicable charges for books, supplies, materials, and equipment in Step 5, Part L of the R2T4 calculation. (See *Institutional versus noninstitutional charges and Demonstrating a real and reasonable opportunity* in Chapter 1.) Institutional charges do not affect the amount of Title IV aid that a student earns when he or she withdraws.

Institutional charges

34 CFR 668.22(g)(1)(ii)
34 CFR 668.22(g)(2)
DCL GEN-00-24 December 2000
DCL GEN-12-21 November 2012

Determining charges

34 CFR 668.22(a)
34 CFR 668.22(g)(2)(ii) and
DCL GEN-00-24 December 2000

Pre-enrollment and post-enrollment fees are not considered institutional charges. For example, application fees are excluded from institutional charges because they are a pre-enrollment fee and not considered an educational cost. (See *Federal Register*, Volume 59, No. 82, April 29, 1994, page 22356.) Withdrawal fees are also excluded from institutional charges since they are considered a post-enrollment fee. However, administrative/registration fees charged a student while enrolled, are considered institutional charges and are not excluded from R2T4 calculations.

Please note that a school is allowed to exclude from institutional charges an administrative fee of \$100 or 5% of the total institutional charges, whichever is less.

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If an institution enters into a contract with a third party to provide institutional housing, the institution must include the cost of housing as an institutional charge in an R2T4 calculation if a student living in the third-party housing withdraws.

As noted in Chapter 1, FWS funds are not included in the calculation of earned Title IV funds when a student withdraws. This remains so even if a student has granted permission for a percentage of the FWS earnings to be credited to his or her account to pay educational costs.

Use of institutional charges in determining a school's responsibility for return

The institutional charges used in the calculation are always those that were assessed the student for the entire payment period or period of enrollment, as applicable, prior to the student's withdrawal. Initial charges may only be adjusted by those changes the school made before the student withdrew (e.g., for dropping or adding a class or changing enrollment status). If after the student withdraws, the school changes the amount of institutional charges it assessed the student or decides to eliminate all institutional charges, those changes do NOT affect either the charges used or the aid earned in the R2T4 calculation. Similarly, if a student drops classes or a school drops the student's classes *on the same day* that he or she withdraws, the dropped classes have no effect on institutional charges in the R2T4 calculation. See *Step 3—Amount of Title IV Aid Earned by the Student* for a further discussion of aid earned and institutional charges.

Institutional charges may not be reduced even if other sources of aid are used to pay those charges. For example, a school may not reduce institutional charges when an outside agency supplying aid requires that aid be used for tuition. *The R2T4 regulations presume Title IV program funds are used to pay institutional charges ahead of all other sources of aid.*

Effect of other assistance

Federal Register, Volume 64, No. 210, November 1, 1999, page 59032

When an institution that offers courses in a nonterm credit-hour format calculates the aid for which the student is eligible, it does so using costs associated with the number of courses it expects the student to complete in the period for which aid is awarded. If the student later withdraws, the charges entered in Step 5 of the R2T4 calculation must include the charges for all the courses the student was initially expected to complete.

Effects of a post-withdrawal reduction in charges

If a student withdraws and, as a result of applying an institutional refund policy, the school reverses, reduces, or cancels a student's charges, the R2T4 requirements still apply. The statute mandates that an otherwise eligible student who begins attendance at a school and is disbursed or could have been disbursed Title IV grant or loan funds prior to a withdrawal earns a portion of those Title IV funds. If, as a result of the withdrawal, an institution adjusts or eliminates a student's institutional charges, or changes a student's enrollment status, the changes made by the institution have no bearing on the R2T4 calculation. Moreover, the charges used in the R2T4 calculation are always the charges initially assessed on the student's account prior to withdrawal. However, if a student's enrollment status changed *prior to and unrelated to the withdrawal*, the effect of any change on institutional charges should be reflected in any R2T4 calculation.

How the cash management regulations might affect the determination of institutional charges in an R2T4 calculation

The cash management regulations determine the amount of Title IV aid a school may retain for institutional charges for a payment period. (See the discussion under *Apportioning and prorating charges* in **Volume 4, Chapter 2** for a complete discussion.) The amount determined under those regulations must be used in determining institutional charges in an R2T4 calculation (Step 5, Part L).

Although a school may not be allowed to retain the amount charged for books and supplies beyond what is attributed to the payment period, a school may always exclude from institutional charges the total documented cost to the school (what the school paid for the items) of unreturnable equipment and returnable equipment not returned in good condition within 20 days (See the discussion under *institutional vs noninstitutional charges* in **Chapter 1** and, for an example, see *Case Study 5* in **Chapter 3**).

Effects of waivers on institutional charges

If your school treats a waiver as a payment of tuition and fees that have actually been charged to a student, then the waiver is considered a financial aid resource, and the full amount of the tuition and fees must be included in Step 5, Part L of the R2T4 calculation. On the other hand, if the student is *never* assessed the full charges (would never owe the waiver amount), the waiver is not considered to be financial assistance, and only the actual charges would be included in the R2T4 calculation. (See DCL GEN 00-24, December 2000, for a further discussion of waivers and the R2T4 calculation.)

Example: A school charges state residents \$900 per semester. Out- of-state students are charged an additional \$2,000 for a total of \$2,900. However, the school grants waivers of the out-of-state charges to out- of-state athletes. Since the school considers the waiver to be a payment to those charges, the waiver is considered estimated financial assistance (EFA) and the full \$2,900 would need to be included in any R2T4 calculation.

Step 6: Return of Title IV Funds by the School

Order of return of Title IV funds

A school must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:

- Unsubsidized Direct Loans (other than Direct PLUS Loans)
- Subsidized Direct Loans
- Direct PLUS Loans (parent or graduate)
- Federal Pell Grants for which a return of Title IV funds is required
- Iraq and Afghanistan Service Grant, for which a return of Title IV funds is required
- FSEOG for which a return of Title IV funds is required
- TEACH Grants for which a return of Title IV funds is required

Under the September 2, 2020 final *regulations*, the order of return of Title IV funds was slightly modified with respect to Iraq and Afghanistan Service Grants.

Time frame for the return of Title IV funds

A school **must** return unearned funds for which it is responsible **as soon as possible** but no later than 45 days after the date of determination of a student’s withdrawal.

Time frame for return of Title IV funds

34 CFR 668.22(j)(1)

A school will be considered to have returned funds timely if the school does one of the following as **soon as possible** but

no later than 45 days after the date it determines that the student withdrew:

- deposits or transfers the funds into the school’s federal funds bank account, (once deposited excess cash rules apply, please see *Volume 4*);
- initiates the return of funds to the Department electronically using the “Refund” function in G5 or;
- issues a check to the Department.

A school is considered to have issued a check timely if the school’s records show that the check was issued within 45 days of the date the school determined that the student withdrew and the date on the negotiated check shows that the bank endorsed that check no more than 60 days after the date the school determined that the student withdrew.

The *de minimis* provision that waives returns of grant funds from students when the original amount to be returned is less than \$50.00 does not apply to schools. A school must return the full amount owed to any Title IV program that the school is responsible for returning. ***However, a school does not have to return amounts of less than \$1.00.***

If a school has not drawn down federal funds or has used institutional funds in lieu of federal funds, the school does not need to place returned funds in its federal account. Of course, the school’s accounting records must show that institutional funds were used to credit the student’s account.

Return of Title IV funds when a school does not maintain a separate federal bank account

The Department considers a school that maintains Title IV funds and general operating funds in the same bank account (commingles) to satisfy the requirement that it return unearned funds on a timely basis if:

- the school maintains subsidiary ledgers for each type of funds commingled in that account that clearly show how and when those funds were used and reconciled to its general ledger,
- the subsidiary ledger for each Title IV program provides a detailed audit trail on a student-by-student basis that reconciles to the amount of Title IV program funds received and disbursed by the school, and
- the school updates the relevant subsidiary ledger accounts in its general ledger no later than 30 days after it determines that the student withdrew.

More specifically, the return of an unearned funds transaction should be recorded as a debit to a Title IV program fund subsidiary ledger account and a credit to the school’s operating fund subsidiary ledger account. The date of the return is the date this transaction is posted to the school’s general ledger.

Downward adjustment of FSA grant disbursement records and Direct Loan disbursement records required

Returns of FSA grant funds (except FSEOG and Iraq and Afghanistan Service Grants) and Direct Loan funds, other than funds not associated with a student that are being returned to stay in compliance with any excess cash requirements, must be offset by downward reductions to a student’s record in the COD system.

In addition, when all or a portion of a Direct Loan is cancelled (either because the borrower requested the cancellation within the regulatory time frames or to comply with statutory or regulatory requirements), the school must make the appropriate adjustment to the student’s record in the COD system.

Returning Direct Loan funds

If a school is required to return Direct Loan funds to comply with a regulatory or statutory requirement, even if more than 120 days have elapsed since the disbursement date, the school must return Direct Loan funds through G5. The school returns Direct Loan funds to the Department following the same procedures the school follows when making other G5 refunds/returns.

Step 7: Initial Amount of Unearned Title IV Aid Due from the Student

The statute specifies that a student is responsible for all unearned Title IV program assistance that the school is not

required to return. The initial amount of unearned Title IV aid due from the student (or parent, for Direct PLUS Loan funds) (Box Q) is determined by subtracting the amount returned by the school (Box O) from the total amount of unearned Title IV funds to be returned (Box K). This is called the initial amount due from the student because a student does not have to immediately return loan funds or the full amount of any grant repayment due. Therefore, the student may not have to return the full initial amount due.

Initial amount due from student

34 CFR 668.22(h)

Return of Title IV funds by the student

34 CFR 668.22(h)(3)(i) and (ii)

Step 8: Repayment of Student Loans

The student loans that remain outstanding (Box R) consist of the loans disbursed to the student (Box B) minus any loans the school repaid in Step 6 (Box P). These *outstanding loans are repaid by the student according to the terms of the student’s promissory note(s)*.

Step 9: Title IV Grant Funds to be Returned by a Student

The regulations limit the amount a student must repay to the amount by which the original overpayment amount ***exceeds 50% of the total grant funds disbursed to or that could have been disbursed*** to the student for the payment period or period of enrollment.

Grant overpayments, retaining eligibility

34 CFR 668.22(h)(4)

The initial amount of unearned Title IV grant aid due from the student (Box S) is found by subtracting the loans to be repaid by the student (Box R) from the initial amount of unearned aid due from the student (Box Q).

The amount of grant overpayment due from a student (Box U) is limited to the amount by which the original grant overpayment (Box S) exceeds half of the total Title IV grant funds disbursed and could have been disbursed to the student (Box T).

Step 10: Return of Title IV Grant Funds by the Student

The student is obligated to return any Title IV overpayment in the same order that is required for schools.

Grant overpayments may be resolved through:

- full and immediate repayment to the institution;

- repayment arrangements satisfactory to the school; or
- overpayment collection procedures negotiated with the Default Resolution Group.

A School's Responsibilities in the Return of Title IV Funds by the Student

A school has responsibilities that continue beyond completing the R2T4 calculation and returning the funds for which it is responsible. A school has additional responsibilities if a student is required to return funds due to R2T4.

Grant overpayments

The applicable regulations limit the amount of grant funds a student must repay to one-half of the grant funds the student received or could have received during the applicable period. Moreover, repayment terms for students who owe Title IV grant overpayments were established to ensure that students who could not immediately repay their debt in full had the opportunity to continue their eligibility for Title IV funds. Students who owe overpayments as a result of withdrawals initially will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of:

- the date the school sends the student notice of the overpayment, or
- the date the school was required to notify the student of the overpayment.

Within 30 days of determining that a student who withdrew must repay all or part of a Title IV grant, a school must notify the student that he or she must repay the overpayment or make satisfactory arrangements to repay it. In its notification, a school must inform the student of the following five items:

1. The student owes an overpayment of Title IV funds.
2. The student's eligibility for additional Title IV funds will end if the student fails to take positive action by the 45th day following the date the school sent or was required to send notification to the student.
3. There are three positive actions a student can take to extend his or her eligibility for Title IV funds beyond 45 days:
 - The student may repay the overpayment in full to the school.
 - The student may sign a repayment agreement with the school. **Two years is the maximum time a school may allow for repayment.**

A school must have procedures in place that ensure the school immediately refers for collection (to the Default Resolution Group) any student who violates the terms of the repayment agreement (including failing to repay the full amount within two years).

The Department may take enforcement action against schools that fail to refer students for collection as required by the regulations.

- The student may sign a repayment agreement with the Department.
4. If the student fails to take one of the positive actions during the 45-day period, the school will report the student's overpayment to NSLDS and refer the student to the Default Resolution Group for collection.
 5. The student should contact the school to discuss his or her options.

If the student takes no positive action during the 45-day period, the school should both refer the student for collection to the Default Resolution Group AND report the overpayment immediately to NSLDS after the 45-day period has elapsed. (Because making this change in the NSLDS system is a simple process, the Department expects an institution will complete making the change within a few days of the end of the 45-day period.)

Satisfactory repayment arrangements

Repayment arrangements with schools

34 CFR 668.22(h)(4)(iii)

Two-year maximum

34 CFR 668.22(h)(4)(iii)(B)

45-Day period example

On October 30, during the fall semester, a student withdraws and owes a grant overpayment. On November 29, the school notifies the student of the overpayment. The student has 45 days (until January 13) to repay the overpayment in full or to make arrangements with the institution or the Department to repay the overpayment.

The spring semester begins on January 7, before the 45-day period ends, and the student receives Title IV aid for the spring semester on January 10. The student then fails to repay the overpayment in full or sign a repayment agreement by the end of the 45-day period—January 13. The student is not required to return the Title IV funds received on January 10. However, the student becomes ineligible for additional Title IV funds on January 14 and remains ineligible until he or she enters into a repayment agreement with the Department.

Examples of the relationship between the date of notification and the expiration of the 45-day period

Example 1—A school sends notification to a student within the 30 days allowed.

If a school sends notification to a student within the 30 days allowed, the 45-day period begins on the day after the school sends the notification to the student. If a school determines on August 20 that a student withdrew and owes a repayment and the school sends notification to the student on September 1 (within the 30 days allowed), then the first day of the 45-day period is September 2. Unless the student takes positive action to resolve the overpayment before the end of the 45-day period, the student loses his or her eligibility on the 45th day. Thus, in this case, the last day of the student's eligibility for Title IV funds is October 16.

Example 2—A school fails to notify the student or notifies the student after the 30 days allowed.

If the school fails to notify the student or notifies the student after the 30 days allowed, the 45-day period begins on the day after the end of the 30-day period (the date by which the school should have sent the notification to the student). Consider a school that determines on August 1 that a student withdrew on June 15. The school should have sent the student a letter by July 15. Because it failed to do so, the first day of the 45-day period is the day after the end of the 30-day period (July 16). Unless the student takes action to resolve the overpayment, the last day of the student's eligibility for Title IV funds is August 29, the end of the 45-day period that began on July 16.

If a student agrees to a repayment arrangement and then fails to meet the terms of that arrangement, the student's eligibility ends as of the date the student fails to comply with the terms of the repayment arrangement.

When a student receives additional funds during the 45-day period of extended eligibility

Students who owe overpayments as a result of withdrawals generally will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of (a) the date the school sends the student notice of the overpayment, or (b) the date the school was required to notify the student of the overpayment.

A student who receives Title IV funds within that period of extended eligibility and then fails to return the overpayment or make repayment arrangements becomes ineligible for additional Title IV program funds on the day following the 45-day period. However, the student remains eligible for any additional Title IV program funds received by the student during the 45-day period. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who loses his or her eligibility for Title IV funds at the expiration of the 45-day period will remain ineligible for additional Title IV funds until the student enters into a repayment agreement with the Department.

If, at any time, a student who previously negotiated a repayment arrangement fails to comply with the terms of his or her agreement to repay, that student immediately becomes ineligible for additional Title IV funds. The student remains eligible for any Title IV program funds received between the time the student negotiated the repayment arrangement and the time the student violated the agreement. Therefore, those Title IV funds do not have to be returned (unless the student withdraws a second time). A student who violates the terms of a repayment agreement and loses eligibility remains ineligible for Title IV funds until the student has made satisfactory repayment arrangements with the Department.

If, in either of the two aforementioned cases, the student withdraws a second time, any unearned funds from the disbursements that were made while the student was still eligible would have to be returned in accordance with the R2T4 requirements.

Student grant overpayments of \$50 or less

A student does not have to repay a grant overpayment of \$50.00 or less per grant program for grant overpayments resulting from the student's withdrawal. As a result, a grant overpayment of \$50.00 or less per grant program will not make the student ineligible to receive Title IV aid should the student return to school. A school is not required to attempt recovery of that overpayment, report it to NSLDS, or refer it to the Default Resolution Group.

Student overpayments of \$50 or less

34 CFR 668.22(h)(3)(ii)

Remember these de minimis amounts are program specific. That is, if an R2T4 calculation resulted in a student having to return \$150.00 in Pell Grant funds and \$40.00 in FSEOG funds, the student would have to return the Pell Grant funds, but the FSEOG funds would be considered *de minimis* and treated as described above.

If a school is currently holding an overpayment resulting from a withdrawal for which the original amount (after the grant protection was applied) was less than \$50.00, the school should delete the overpayment in NSLDS by following these steps:

1. On the NSLDS Professional Access website, go to the "Aid Tab."
2. From the Overpayment List page, select the overpayment to be deleted by clicking on the blue number icon.
3. On the Overpayment Display page, verify that this is the over- payment you want to delete, and then click the Delete button.

4. On the Overpayments Delete Confirmation page, click the Confirm Button.

This \$50 threshold does not apply to remaining grant overpayment balances. That is, a student must repay a grant overpayment that has been reduced to \$50.00 or less because of payments made. An overpayment for which the original amount was more than \$50.00 that has a current balance of less than \$50.00 may not be written off.

This provision does not apply to funds that a school is required to return. A school must return the full amount owed to any Title IV program that the school is responsible for returning. ***However, a school does not have to return amounts of less than \$1.00.***

Institutional payments on a student's behalf

The grant protection always applies to the repayment of grant funds for which the student is responsible, regardless if the institution actually returns the funds. If an institution chooses to return all or a portion of a grant overpayment that otherwise would be the responsibility of the student to return, the grant protection still applies. If an institution returns a grant overpayment for a student, the student would no longer be considered to have a Title IV grant overpayment and, as such, no reporting to NSLDS is required and no referral to the Default Resolution Group for collection is allowed. This would be true whether the institution simply returned the overpayment for the student or returned the overpayment and created a debit on the student's school account.

Recording student payments and reductions in the Title IV grant programs

When reductions or payments are made toward students' Title IV awards, schools will record such reductions or payments by entering a replacement value in the COD system.

If, through its R2T4 calculation, a school determines that a student has received an overpayment of Pell Grant, Iraq and Afghanistan Service Grant, or TEACH Grant funds and the student (or school) repays the overpayment amount, the school should reduce the student's award/ disbursements in the COD system and return the funds through G5.

A school will reduce the student's award/disbursements by entering a replacement value in the COD system. The replacement value will be the original values less only the amount the school has returned (the sum of: (a) that amount the school is responsible for returning, plus (b) any portion of the grant overpayment that otherwise would be the responsibility of the student but which the school has chosen to return for the student, plus (c) any portion of the grant overpayment the school has collected from the student). *Do not reduce the award/disbursement by the amount the student must return unless the student has made a payment.*

If, through its R2T4 calculation, a school determines that a student has received an overpayment of FSEOG funds, the school must adjust its institutional ledgers, financial aid records, and the student's account by subtracting the amount the school must return (the FISAP filed for the year will reflect the net award to the student). (For more information about returning Title IV funds, please see *Volume 4, Chapters 3 and 4*).

A school should never make a downward adjustment in the COD system to reflect funds the school has referred to the Department for collection. Doing so will create a negative disbursement record.

Recording payments and reductions in the Direct Loan Program

If, through its R2T4 calculation, a school is required to return Direct Loan funds, the school must reduce the student's award/disbursements by making a downward adjustment in the COD system.

The school then returns the funds to the Department using the Electronic Refund function in G5 following the same procedures the school follows when making other G5 refunds/returns.

Notifying the Department of student overpayments

A school is never required to enter into a repayment agreement with a student; rather, a school may refer an

overpayment to the Department at any time **after** the student has had the opportunity to pay off the overpayment in full to the school or indicate his or her intent to negotiate repayment arrangements with the Default Resolution Group. However, if a school reports a student overpayment (for which a student has not negotiated repayment arrangements) to NSLDS before the 45- day period has elapsed, the student will appear to be ineligible for Title IV aid. Since students retain their eligibility for 45 days, schools should provide students with every opportunity to repay their debt or negotiate repayment arrangements before reporting it to NSLDS and referring it to the Default Resolution Group.

Important

The Default Resolution Group is unable to respond to a student-initiated request to negotiate a repayment arrangement until a school has referred the student's account for collection. In addition, Debt Resolution Services uses the information about the student in NSLDS while conversing with a student.

To ensure a student overpayment has been reported and referred to the Department, when the school is communicating with a student about making repayment arrangements with the Department, **the school should make it clear that the student should contact the school before contacting the Department.** Repayment agreements with the Department will include terms that permit students to repay overpayments while maintaining their eligibility for Title IV funds. Schools may also negotiate similar repayment agreements with students. However, **schools' repayment arrangements with students must provide for complete repayment of the overpayments within two years** of the date of the institutions' determination that the students withdrew.

There are exceptions to the recommendation that a school wait the full 45 days before reporting a student overpayment through NSLDS. If, during the 45-day period, a student indicates that he or she cannot repay his or her debt in full and wishes to negotiate a repayment agreement with the Department, the school should immediately report the overpayment to NSLDS and refer the overpayment to the Default Resolution Group. Likewise, if a student contacts a school that will not be offering institutional repayment agreements and indicates that he or she cannot pay the overpayment within the 45 days, the school should immediately report the overpayment to NSLDS and refer the overpayment to the Default Resolution Group since the Default Resolution Group will need time to receive and record an overpayment before it can respond to a student inquiry. Schools should advise students to wait at least 10 days before contacting the Default Resolution Group.

After a school has reported and referred a student's overpayment, the school should provide the student with the phone number and postal address for the Default Resolution Group. A student can contact the Default Resolution Group by calling **1-800-621-3115** or by writing to the **Default Resolution Group** at the following address:

**U.S. Department of Education
Default Resolution Group
P.O. Box 5609
Greenville, Texas 75403**

Using NSLDS

You must use the NSLDS Professional Access website to report overpayments. To do so, your school's primary destination point administrator (PDPA) must have signed up at least one user at <https://fsawebenroll.ed.gov> for overpayment updates for NSLDS online services.

If a student is determined to have withdrawn from a school, the student is no longer considered to be enrolled and in attendance. Therefore, the student is no longer eligible for an in-school status or in- school deferment, and the school must report the student as withdrawn in NSLDS Enrollment Reporting. See 34 CFR 685.309(b).

Please note that if a student enrolled in a program offered in modules, withdraws from a later module but is not considered a withdrawn student for R2T4 purposes because the student meets one of the withdrawal exemptions, the

student is treated as having completed the term and the school must report the student as withdrawn as of the *final day of the payment period in which the student was last enrolled*. An exception to this requirement is if a student meets the graduate withdrawal exemption. For a student who graduates early during a program of study, the school may follow the current NSLDS reporting flexibilities associated with students who graduate which, among other things, indicates the effective date for a completion/graduation status ('G') is the date that the school assigns to the completion/graduation.

Conversely, if the student is treated as a withdrawal and the Return of Title IV regulations apply, the school must report the student as withdrawn with an effective date as determined under the R2T4 regulations.

You can find [NSLDS reference materials online](#). The email address for NSLDS Customer Support is: NSLDS@ed.gov, and the phone number for school use only is [1-800-999-8219](tel:1-800-999-8219).

Reporting and referring overpayments

Reporting overpayments to NSLDS is a separate process from referring overpayments for collection. Reporting is the process of creating within NSLDS a record of a student's overpayment. Referring is the process of turning over a student's debt to the Default Resolution Group. *Students who pay their debts in full during the 45-day period should neither be reported to NSLDS nor referred for collection.*

A school reports overpayments to NSLDS via the NSLDS Professional Access website. A school sends referrals to the Default Resolution Group —through the U.S. Mail to the following address:

Student Loan Processing Center—Overpayments
P.O. Box 4157
Greenville, Texas 75403

Or by fax: **903-454-2243**

If a student who owes a repayment of a Title IV grant calls the Default Resolution Group before Debt Resolution Services has received and recorded the student's overpayment, the Default Resolution Group will examine the student's record in NSLDS. If a school has reported the overpayment to NSLDS correctly, the Default Resolution Group will inform the student that the overpayment is being processed and that the student should call back in 10 days for further information. If a student calls the Default Resolution Group before a school has reported the student's overpayment to NSLDS, the Default Resolution Group will find no record of the overpayment and will tell the student to contact the school to resolve the discrepancy.

Though a student may regain Title IV eligibility by negotiating and satisfying the requirements of a satisfactory repayment arrangement, the information on the student's NSLDS account will continue to reflect the status of the overpayment until the debt is repaid in full.

If a school enters into a repayment arrangement with a student who owes an overpayment, the school should immediately report the repayment arrangement using the online NSLDS Professional Access website. The school should report the status (Indicator field) of an overpayment for which it has entered a repayment agreement as "Satisfactory Arrangements Made." After the information is reported to NSLDS, any future output from the CPS (SARs and ISIRs) will show that the student owes a repayment of a Title IV grant and that the student has negotiated a satisfactory repayment arrangement with the school.

As long as the student fulfills his or her commitment under the repayment arrangement, the NSLDS overpayment status of "Satisfactory Arrangements Made" will indicate that, though the student owes an overpayment, the student remains eligible for Title IV funds. **If, at any time, a student fails to comply with the terms of the student's agreement to repay, or if the student fails to complete repayment in the two years allowed, the school must immediately update the student's overpayment status (Indicator field) to "Overpayment."** From that point on, NSLDS will inform schools that the student is not eligible for Title IV funds.

Required referrals

A school must refer to the Department/Default Resolution Group a student who:

- does not satisfy the requirements of a repayment agreement with the school;

- fails to contact the school during the 45-day period;
- fails, during the 45-day period, to pay his or her overpayment in full or enter into a repayment arrangement; or
- fails to complete repayment in the two years allowed.

If a school is referring a student overpayment to the Default Resolution Group that was previously reported to NSLDS, the school must also update the information previously reported to NSLDS by changing the Source field from “School” to “Transfer.” If a school is referring a student who has failed to satisfy the terms of his or her repayment agreement, the school should also change the status code (indicator field) from “Satisfactory Arrangement Made” to “Overpayment.” If a school is referring for collection a student not previously reported to NSLDS, the school must report the account to NSLDS as a referred overpayment, enter “TRF-Transfer” as the initial source in the Source field and “Overpayment” as the overpayment status (indicator field).

To refer student overpayments for collection, schools must use the format found in the appendix to this volume labeled *Information Required when Referring Student Overpayments to Default Resolution Group* and send or fax the document to the address or phone number at the bottom of that page. Each referral must be typed or printed and must be submitted on school letterhead. Remember to include your school’s Pell Grant Identification Number on the referral.

To avoid creating a double record for a single overpayment, **the school must enter for the *Dates of Disbursements* the exact same dates the school used when it created the NSLDS record. In addition, for *Award year*, a school must ensure that it enters the award year from which the disbursement was made.**

Once the Default Resolution Group has accepted a referred student overpayment, it will transmit the information to NSLDS, and “EDR Region” will replace “Transfer” as the appropriate contact source for information about the overpayment. On the overpayment referral, schools must provide their Pell Grant Identification Number. Schools should **not** enter their routing identifier.

If your school does not have a Pell Grant Identification (ID)

If you are referring a TEACH Grant to the Default Resolution Group for collection and your school does not have a Pell Grant ID, on the “Overpayment Referral Form,” under “School Information,” you must provide your OPEID.

For more information about reporting and referring overpayments, including accepting payments on referred overpayments, please see *Volume 4, Chapter 3*.

Corrections or recalls of referred overpayments

If you determine that a student you referred to the Default Resolution Group (DRG) does not owe an overpayment or that the amount you referred was incorrect, fax a letter on institution letterhead explaining the situation to the DRG at 903-454-2312. (The DRG phone number is 1-800-621-3115.)

Important

You should not send a revised referral form when making changes or corrections.

The letter must include the following:

- student’s last name, first name and middle initial;
- student’s Social Security number;
- award year of the overpayment;

- disbursement date the institution used to create the overpayment record in NSLDS;
- amount originally referred; and
- description of the issue and the requested action.

The Default Resolution Group will cease collection efforts and change the record in NSLDS so that the overpayment will be shown as “Repaid.”

Withdrawal Dates for a School That is *Not Required to Take Attendance*

Withdrawal Type	Circumstance	Student’s Withdrawal Date ¹	Date of the Institution’s Determination That the Student Has Withdrawn
Official Notification	<p>The student begins the school’s withdrawal process, or</p> <p>The student otherwise provides official notification to the school of intent to withdraw</p>	<p>The date the student begins the school’s withdrawal process, or</p> <p>The date that the student otherwise provides notification</p> <p>(If both circumstances occur, use the earlier withdrawal date)</p>	The student’s withdrawal date or the date of notification, whichever is later
Official Notification Not Provided	<p>Official notification not provided by the student because of circumstances beyond the student’s control, or</p> <p>All other instances where student withdraws without providing official notification</p>	<p>The date that the school determines is related to the circumstance beyond the student’s control, or</p> <p>The midpoint of the payment period or period of enrollment, as applicable</p>	The date that the school becomes aware that the student has ceased attendance ²
Leave of Absence Related	<p>The student does not return from an approved leave of absence, or</p> <p>The student takes an unapproved leave of absence</p>	The date that the student began the leave of absence	<p>The earlier of the dates of the end of the leave of absence or the date the student notifies the school he or she will not be returning to that school</p> <p>(In the case of an unapproved absence, the date that the student began the leave of absence)</p>
Withdrawal After Rescission of Official Notification	The student withdraws after rescinding a previous official notification of withdrawal	The student’s original withdrawal date from the previous official notification	The date the school becomes aware that the student did not, or will not, complete the payment period or period of enrollment

¹. In place of the dates listed, a school may always use, as a student’s withdrawal date, the student’s last date of attendance at an academically related activity if the school documents that the activity is academically related and that the student attended the activity.

². For a student who withdraws without providing notification to the school, the school must determine the withdrawal date no later than 30 days after

Sample Summary of the Requirements of 34 CFR 668.22 (To Provide to Students as Part of Consumer Information)

Treatment of Title IV Aid When a Student Withdraws

The law specifies how your school must determine the amount of Title IV program assistance that you earn if you withdraw from school. The Title IV programs that are covered by this law are Federal Pell Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Federal Supplemental Educational Opportunity Grants (FSEOGs), Direct Loans, and Direct PLUS Loans.

Though your aid is posted to your account at the start of each period, you earn the funds as you complete the period. If you withdraw during your payment period or period of enrollment (your school can define these terms for you and tell you which one applies to you), the amount of Title IV program assistance that you have earned up to that point is determined by a specific formula. If you received (or your school or parent received on your behalf) less assistance than the amount that you earned, you may be able to receive those additional funds in the form of a post-withdrawal disbursement. If you received more assistance than you earned, the excess funds must be returned by the school and/or you.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

You will not be subject to returns of your Title IV program assistance if you meet one of the following exemptions:

- You complete all of the requirements for graduation;
- You successfully complete a class or multiple classes that comprise at least 49 percent of the days in the term (in a program offered in modules); or
- You successfully complete a class or multiple classes that comprise at least half-time enrollment (in a program offered in modules).

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement. If your post-withdrawal disbursement includes loan funds, your school must get your permission before it can disburse them. You may choose to decline some or all of the loan funds so that you don't incur additional debt. Your school may automatically use all or a portion of your post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with the school). The school needs your permission to use the post-withdrawal grant disbursement for all other institutional charges. If you do not give your permission (some schools ask for this when you enroll), you will be offered the funds. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

There are some Title IV funds that you were scheduled to receive that cannot be disbursed to you once you withdraw because of other eligibility requirements. For example, if you are a first-time, first-year undergraduate student and you have not completed the first 30 days of your program before you withdraw, you will not receive any Direct Loan funds that you would have received had you remained enrolled past the 30th day.

If you receive (or your school or parent receive on your behalf) excess Title IV program funds that must be returned, your school must return a portion of the excess funds equal to the lesser of:

1. your institutional charges multiplied by the unearned percentage of your funds, or
2. the entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of your Title IV program funds.

If your school is not required to return all of the excess funds, you may be required to return the remaining amount.

For any loan funds that you must return, you (or your parent for a Direct PLUS Loan) will repay the loan funds in

accordance with the terms of the promissory note. That is, you will not be required to repay any loan funds immediately, but instead, you will make scheduled payments to the holder of the loan over a period of time.

Any amount of unearned grant funds that you must return is called an overpayment. The maximum amount of a grant overpayment that you must repay is half of the grant funds you received or were scheduled to receive. You do not have to repay a grant overpayment if the original amount of the overpayment is \$50 or less. You must make arrangements with your school or the Department of Education to return the unearned grant funds.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return. If you don't already know your school's refund policy, you should ask your school for a copy. Your school can also provide you with the requirements and procedures for officially withdrawing from school.

If you have questions about your Title IV program funds, you can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on Student Aid on the Web at <https://studentaid.gov>.

Return of Title IV Funds Requirements and Deadlines

Party Responsible	Requirement	Deadline
School	Determining withdrawal date for student who withdraws without providing notification	30 days after the end of the earlier of the: <ul style="list-style-type: none"> • Payment or enrollment period • Academic year in which student withdrew • Educational program from which student withdrew
School	Return of unearned Title IV funds	As soon as possible but no later than 45 days after date school determined student withdrew
School	Post-withdrawal disbursement to student's account for: Outstanding current (allowable) charges (tuition and fees, contracted room and board, etc.) Other allowable charges with student authorization (e.g. library fines, books, supplies, etc.)	As soon as possible but no later than 180 days after the date school determined student withdrew, in accordance with requirements for disbursing Title IV funds, 34 CFR 668.164
School	Written notification providing the student (or parent) the opportunity to accept all or part of a post-withdrawal disbursement of Title IV loan funds (Direct Loan, or Direct PLUS Loan) to the student's account	Within 30 days of the school's determination that the student withdrew, 34 CFR 668.22(a)(6)(iii)(A)
School	Written notification of student's eligibility for a direct post-withdrawal disbursement of Title IV loan funds in excess of outstanding current (educationally related) charges	Within 30 days of the school's determination that the student withdrew, 34 CFR 668.22(a)(6)(iii)(A)
School	Post-withdrawal disbursement to student for earned	From the date school determined student

	Title IV funds in excess of outstanding current (educationally related) charges	withdrew (1) loans as soon as possible but no later than 180 days (2) grants as soon as possible but no later than 45 days
School	Notification to student (or parent) of outcome of late request for a post-withdrawal disbursement to student (request received by school after the specified period and school chooses not to make disbursement)	Not specified - but as soon as possible
School	Notification to student of grant overpayment	Within 30 days of date school determined student withdrew
School	Referral of student to the Default Resolution Group if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	Not specified - but as soon as possible
Student (or parent)	Submit response instructing school to make post-withdrawal disbursement	Within specified number of days school allows for response (must allow at least 14 days)
Student	Return of unearned Title IV funds	Loans—according to terms of the loan Grants—within 45 days of earlier of date school sent or was required to send notice

Return of Title IV Funds Requirements for Notification

Party Responsible	Notification	Requirements
School	Report student to NSLDS if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	No later than 45 days from the date student is notified (or was required to be notified) of overpayment
School	Consumer Information	<ul style="list-style-type: none"> School's withdrawal policy School's refund policy Office(s) designated to receive official notifications of intent to withdraw Requirements regarding returns of Title IV funds
School	Written notification of student's eligibility for a direct post-withdrawal disbursement of <i>Title IV loan funds</i> in excess of outstanding current (educationally related) charges	<ul style="list-style-type: none"> Identify type and amount of the Title IV loan funds that will make up the post-withdrawal disbursement not credited to student's account Explain that student or parent may accept all or part of the disbursement Advise student or parent that no post-withdrawal disbursement of Title IV loan funds will be made unless school receives response within the time frame established by the school

School	Response (written or electronic) to late request for post-withdrawal disbursement (that school chooses not to make)	Outcome of request
School	Repayment Agreement	<ul style="list-style-type: none"> • Terms permitting student to repay overpayment while maintaining eligibility for Title IV funds • Repayment in full within two years of date school determined student withdrew
Student enrolled in a program offered in modules	Statement of intent to return to a module that begins later in the same payment period or period of enrollment (written confirmation)	<p>Close to the date that the student ceases attendance at any point prior to completing the payment period or period of enrollment and before the school is required to return Title IV funds, offer any post-withdrawal disbursement of loan funds, or take any other action under the R2T4 requirements</p> <ul style="list-style-type: none"> • For students enrolled in standard and nonstandard-term programs, the later module must begin no later than 45 calendar days after the end of the module the student ceased attending
Student enrolled in a subscription-based program	Statement of intent to resume attendance later in the same payment period or period of enrollment (written confirmation)	<p>Close to the date that the student ceases attendance at any point prior to completing the payment period or period of enrollment and before the school is required to return Title IV funds, offer any post-withdrawal disbursement of loan funds, or take any other action under the R2T4 requirements</p> <ul style="list-style-type: none"> • Date occurs within the same payment period or period of enrollment and <i>is no later than 60 calendar days after the student ceased attendance</i>
Student enrolled in a nonterm program (including clock hour programs)	Statement of intent to resume attendance later in the same payment period or period of enrollment (written confirmation)	<p>Close to the date that the student ceases attendance at any point prior to completing the payment period or period of enrollment and before the school is required to return Title IV funds, offer any post-withdrawal disbursement of loan funds, or take any other action under the R2T4 requirements</p> <ul style="list-style-type: none"> • Date student will resume attendance is <i>no later than 60 calendar days after the student ceased attendance</i>